

**House File 2242 - Introduced**

HOUSE FILE 2242

BY ISENHART

**A BILL FOR**

1 An Act concerning competitive bidding requirements for certain  
2 service contracts.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1     Section 1. NEW SECTION. 73A.18A Service contracts —  
2 bidding requirements — security.

3     1. For purposes of this section, "*service contract*" means  
4 a contract for services when the predominant factor, thrust,  
5 and purpose of the contract as reasonably stated is for the  
6 provision of services. When there is a contract for goods and  
7 services and the predominant factor, thrust, and purpose of the  
8 contract as reasonably stated is for the provision or rendering  
9 of services with goods incidentally involved, a service  
10 contract exists. "*Service contract*" also includes grants or  
11 consulting services when the predominant factor, thrust, and  
12 purpose of the contract formalizing the grant or consulting  
13 service is for the provision of services.

14     2. When the estimated total cost of a service contract  
15 exceeds fifty thousand dollars, the applicable city or county  
16 shall advertise for bids on the proposed contract by two  
17 publications in a newspaper of general circulation in the  
18 county in which the work is to be performed or in which the  
19 service is to be provided. The first advertisement for bids  
20 shall be not less than fifteen days prior to the date set for  
21 receiving bids. The city or county shall accept the lowest  
22 responsible bidder submitting a sealed proposal. However, if  
23 in the judgment of the city or county bids received are not  
24 acceptable, all bids may be rejected and new bids requested. A  
25 bid shall be accompanied, in a separate envelope, by a deposit  
26 of money or a certified check or credit union certified share  
27 draft in an amount to be named in the advertisement for bids  
28 as security that the bidder will enter into a contract for  
29 the performance of the work or the provision of services.  
30 The city or county shall fix the bid security in an amount  
31 equal to at least five percent, but not more than ten percent,  
32 of the estimated total cost of the service contract. The  
33 checks, share drafts, or deposits of money of the unsuccessful  
34 bidders shall be returned as soon as the successful bidder is  
35 determined, and the check, share draft, or deposit of money of

1 the successful bidder shall be returned upon execution of the  
2 contract documents.

3 EXPLANATION

4 The inclusion of this explanation does not constitute agreement with  
5 the explanation's substance by the members of the general assembly.

6 The bill requires a city or county to utilize a competitive  
7 bidding process when entering into a service contract with  
8 an estimated total cost over \$50,000. The bill defines a  
9 service contract as a contract in which the predominant factor,  
10 thrust, and purpose of the contract as reasonably stated is for  
11 the provision of services and not goods. The bill includes  
12 grants and consulting services within the definition of service  
13 contracts.

14 If the estimated total cost of the service contract exceeds  
15 \$50,000, the bill requires the city or county to advertise for  
16 bids and establishes the manner of advertisement. The bill  
17 provides that the city or county accept the lowest responsible  
18 bidder or, if no bid is deemed acceptable, to reject all bids  
19 and submit the contract for bid again. The bill requires bid  
20 security to accompany each bid in an amount equal to at least 5  
21 percent, but not more than 10 percent, of the estimated total  
22 cost of the service contract.